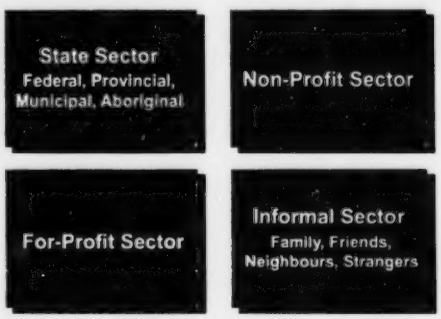
Alternative Service Delivery Project

Exploring Alternatives:
Government Social Service Policy and Non-Profit Organizations

Complex relations between governments and non-profit organizations are a longstanding component of Canada's system of social services. Governments transfer tax dollars to non-profits (through grants and purchase-of-service contracts), regulate them through legislation and contractual obligations, and set policies that influence both their daily operations and the demands placed on them by their clients. The nature and extent of this "partnership" are in constant flux, and will continue to evolve as governments change their priorities and the two sectors try to find better ways to meet public needs and address social issues.

This report attempts to bring some order to this chaos by outlining recent trends in a single area of

Sectors Involved in the Funding & Delivery of Social Services



There are four intertwined, yet distinct, sectors of society involved in the delivery of social services in Canada. Although overlap between the sectors is common (e.g., is a non-profit agency that receives all of its revenues from government part of the non-profit sector or part of the state sector?), the differences between them warrant dividing Canada's system of social services into these categories. This report examines two of the four sectors: the state and non-profit sectors.

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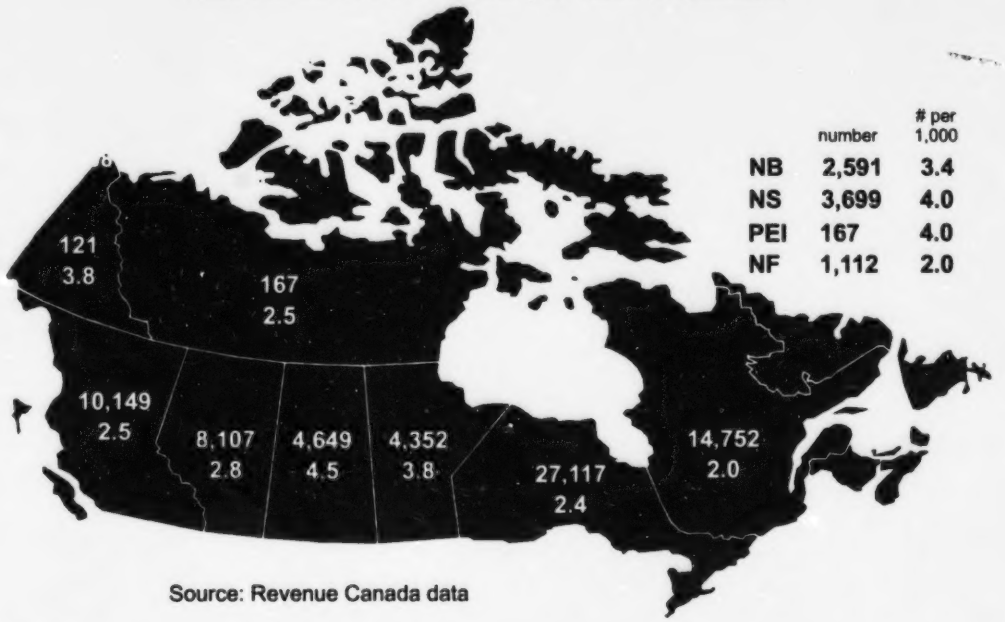
Number of Registered Charities by Province
(total number and number per 1,000 population)



	number	# per 1,000
NB	2,591	3.4
NS	3,699	4.0
PEI	167	4.0
NF	1,112	2.0

Source: Revenue Canada data

government policy: ***social services.*** The report does not, however, attempt to catalogue each and every social policy change that may directly or indirectly influence non-profit social service organizations and their relations with the state. Instead, the report examines ***key trends*** and limits its scope to ***provincial*** social service policies.[1]

"In theory, government funding of nonprofit agencies is a mechanism for marrying two visions of the welfare state: promoting community interests, citizen participation in service delivery, and fellowship through voluntary action, while guaranteeing a minimum level of service regardless of income and social status" (Smith and Lipsky, 1999: 17).

NON-PROFITS & CHARITIES

Non-profit organizations perform important functions within Canadian society. These functions include reflecting the diversity of Canadian culture, enabling citizens to express their collective interests, and exploring new solutions to community problems. Non-profits are part of the fabric of Canadian life and a key component of the social services system that delivers assistance to millions of Canadians every day.

Canada's non-profit sector encompasses approximately 175,000 organizations (Quarter, 1992) and includes everything from homeless shelters to professional associations. A lack of hard data about this broad array of organizations means that Canadians know relatively little about the non-profit sector as a whole.

There is slightly more information available about an important sub-set of non-profits known as registered charities. There are over 76,000 charities registered with

Key Terms

Non-Profit Organizations are defined in the *Social Work Dictionary* as organizations "established to fulfill some social purpose other than monetary reward to financial backers." Because of the social giving aspect of many non-profits and their tendency to be run or assisted by volunteers, non-profits are often referred to as "voluntary" agencies. Another common name is "third sector" agencies; this name is used to highlight the unique qualities of non-profits compared to the state sector and the for-profit sector. The non-profit sector includes, for example, professional associations, arts groups, churches, research institutes, homeless shelters, and trade unions. This report is concerned with the subset of non-profits that deliver social services, often called social service or social welfare agencies.

Registered Charities are non-profit organizations that are registered as "charities" with Revenue Canada. To qualify as a registered charity, an organization must pass a public benefit test demonstrating that its activities are charitable and of benefit to a significant portion of the public. The main advantage of being a registered charity is that it allows a non-profit organization to issue official tax receipts to its donors.

Social Services include an array of direct and indirect income support programs as well as a wide range of crisis, supportive, and developmental personal services for persons in need. Despite numerous gray areas, social services do not include health and education services.

Revenue Canada. The charitable sector received approximately $90.5 billion in revenue in 1994 – 60% of which was provided by governments. Charities classified as social service organizations received $8.8 billion in revenues – 64% of which came from government (Hall and Macpherson, 1997). These statistics illustrate the importance of the charitable sector and its dependency on government funding.

PROVINCIAL RESTRUCTURING

Social policy in the 1990s has been constrained by the pressing need for fiscal restraint. This has been accompanied by significant interest in restructuring the delivery of social services to make the system more efficient.

The *British North America Act* (now the *Constitution Act 1867)* established provincial authority over social welfare. Despite a number of national standards introduced and enforced by the federal government, each province has developed its own unique system of social services. Hence, although the restructuring of social services is a general trend, the nature and extent of the restructuring varies from jurisdiction to jurisdiction. The following section illustrates this variation and documents significant provincial social service restructuring initiatives.[2]

BRITISH COLUMBIA

In 1995, a major initiative to restructure the province's social safety net began based on recommendations that came out of the Premier's Forum on New Opportunities for Working and Living. Restructuring took place through the *BC Benefits* program, which has adopted a "life cycle approach" that considers the needs of people at different times in their lives, and protects services for the most vulnerable. Community level services are emphasized through the provision of funding and support for improving their effectiveness. The intention of *BC Benefits* is to reduce the number of people, especially youth, who are dependent upon public support (initiatives include job search and work preparation services, rate changes, and increased emphasis on the value of work).

Defining Charities

There is no precise definition of charity to be found in the *Income Tax Act*, nor in any other Canadian statute. The definition of charity used to determine whether or not an organization qualifies for charitable status under the *Income Tax Act* is a complex and outdated legal construct. Its roots are found in *The Statute of Elizabeth*, an English law of 1601, that reflects the understanding of charity in the early seventeenth century. Activities deemed charitable at the time included the repair of bridges and highways, the marriage of poor maids, and aid to persons decayed.

An 1891 judgement by the House of Lords in the *Pemsel* case clarified and expanded the concept of charity in *The Statute of Elizabeth*, creating four categories of charitable activity that are still in use today:

- **relief of poverty;**
- **advancement of education;**
- **advancement of religion;**
- **and other purposes beneficial to the community.**

Confusion around what constitutes a charitable purpose and questions regarding the appropriateness of Revenue Canada making these decisions have led to numerous calls for a new definition of charity and a revamping of the charitable registration process.

In 1996, a new Ministry for Children and Families was created to streamline child and family services and to strengthen the province's child protection system. Under the new ministry, there is an emphasis on regional service delivery based on maximum autonomy and accountability.

ALBERTA

Alberta has been pursuing restructuring through service delivery reform. The province is moving to a community-based regional authority delivery system for services to children and families, and to adults with developmental disabilities. Regionalization will, in theory, allow the flexibility needed to address the unique needs of local communities.

The Office of the Commissioner of Services for Children and Families is overseeing a community planning process to design a new approach to delivering services to children and families. Planning is in its final stages and will result in a community-based service delivery system that focuses on prevention and early intervention, improved services to Aboriginal people, and integration of services.

SASKATCHEWAN

Restructuring in Saskatchewan has been concentrated in the areas of regionalization, community-based alternatives and inter-departmental strategies. Saskatchewan has focused on the development of regional services in the areas of social assistance, child and family support services, and services for youth and young offenders. Saskatchewan has also been building a comprehensive community-based service system that provides opportunities for persons with disabilities to move out of institutions and back into the community.

In 1993, Saskatchewan's *Action Plan for Children* was initiated as a long-term inter-departmental reform strategy focused on the well-being of children and youth in the province. Particular emphasis is placed on those who are most at-risk of developing health, education, social, and justice problems.

MANITOBA

Manitoba has been actively restructuring its welfare program. *Making Welfare Work* initiatives have been undertaken to restructure social assistance by encouraging and actively assisting recipients to make the transition to employment. These initiatives include projects to test innovative and cost-effective methods of reducing social assistance dependency and provide for the development of partnerships between governments, the for-profit sector, and the non-profit sector. The emphasis is now on active labour market measures with strengthened work expectations and incentives, rather than on passive income support.

Taking Charge! is a *Making Welfare Work* initiative that focuses on skills training, job preparation, and literacy training. *Taking Charge!* also developed and delivered services for clients, such as registration and assessment services, orientation and information sessions, and on-site child care. The rationale is to assist single parents on income assistance to make the transition to employment.

ONTARIO

The 1995 provincial election marked a dramatic turning point for welfare and social services reform in Ontario. The *Ontario Works Act,* proclaimed on May 1, 1998, is intended to reduce welfare fraud and abuse. The new act also eliminates the two-tiered municipal/provincial delivery system by creating one system at the municipal level and requiring all people on welfare to participate in *Ontario Works,* the mandatory workfare program. This program is intended to give people on welfare the opportunity to develop skills, make contacts with potential employers, and "give something back" to their communities.

The *Social Assistance Reform Act* and the *Services Improvement Act* allow for the transfer of funding responsibilities, new cost-sharing arrangements, and the systematic transfer of provincial program responsibilities to municipalities as of January 1, 1998.

QUEBEC

Restructuring in Quebec is unique because most of it occurs at the regional, rather than provincial, level. April 1996 marked a significant provincial effort by the Quebec government to reform the welfare system through cuts in rates for many recipients, increases in the penalty for not looking for a job, and changes in liquid asset exemptions. A new provincial drug plan came into effect at the beginning of 1997. This was a compulsory plan for anyone who did not already have coverage through a private insurance company or an employer.

NEW BRUNSWICK

New Brunswick has been actively pursuing restructuring of its system of social services since 1992 from both an organizational and a programming perspective. The Ministry of Family and Community Social Services was restructured in 1993/94 to correspond to the province's seven health regions. This was done to ensure the effective development and delivery of all programs and services of the Department of Health and Community Services. Clients now receive services from any one of the department's twenty-one service centres. These centres are available for long-term clients and clients with disabilities who were served through a central unit in Fredericton. Similarly, in 1997, there was a complete redesign of the way Human Resources Development provides income assistance services to clients, including a new client payment system and development of a comprehensive case management tool to support case managers in promoting self-sufficiency.

Transformation of the Department of Income Assistance began in early 1992 in order to change the focus from providing passive income assistance to one dedicated to helping clients become more self-sufficient. The process was completed in 1995, and included redefining regions, redesigning jobs, revitalizing technology, and re-engineering work processes.

NOVA SCOTIA

A new section of Prevention and Child Care Services was created within the Family and Children's Service Division in 1995 to bring together programs and services

such as day care, early intervention, and parent education that support the healthy development of children and their families. The rationale is to mobilize communities to become more involved in the health and well-being of their children; and to build partnerships and strategic alliances with other government departments, non-profit community groups and other community stakeholders. The goals are to create a fair and equitable system; remove barriers to work; provide social assistance recipients with support to upgrade skills and education; provide special support to individuals with a mental or physical disability; improve administrative efficiency; build prevention programs for children and youth that help to break the cycle of poverty; and ensure a financially sustainable social assistance system.

The *Social Assistance Restructuring Initiative* (SARI) was launched in 1997 as a multi-year effort to improve and renew Nova Scotia's social assistance system. The current legislative framework was updated to more accurately reflect today's society and economy through two main components: (1) the disentanglement of the two-tier system of municipal and provincial delivery to create a single-tier provincial system; and (2) the development of a contemporary, uniform social assistance policy underpinned by new legislation.

SARI was launched when agreement was reached with the Union of Nova Scotia Municipalities to transfer municipal responsibility for social assistance to the Department of Community Services. On April 1, 1998, the Department of Community Services assumed full responsibility for the administration of social services from all municipalities. A common Social Assistance Program, replacing the various municipal policies and rates of assistance was established in order to achieve greater fairness and equity, set rate and policy standards, and improve the central database and management of information.

PRINCE EDWARD ISLAND

In 1994/95, as a result of a commitment to health reform, the Department of Health and Social Services was completely reorganized, changing from an organization with eleven divisions and over 1,700 employees to an organization with four divisions and twenty-three employees, with most of the staff moving to the Health and Community Services Agency and five regional Health Authorities.

During 1997/98, the government began implementation of a new employment-based delivery model of welfare assistance through the New Directions initiative. This program recognizes that not all individuals have the potential for self-sufficiency due to factors such as disabilities and labour market conditions. The model aims to promote self-sufficiency for the many employable persons who are on welfare through emphasis on preventive and restorative measures to increase participation in employment activities. The implementation of this model involves major tasks such as restructuring the intake process, retraining staff, and introducing targeted approaches for specific client groups.

NEWFOUNDLAND

In 1996, Newfoundland began implementing its *Strategic Social Plan* as a means of addressing current social issues and responding to future challenges. The *Plan* is focused on new strategic directions and broad goals and objectives rather than specific changes to individual programs and services. The *Plan* involves three inter-related strategies: building on community and regional strengths, integrating social and economic development, and investing in people. Initiatives include a focus on prevention and early intervention; improved program evaluation; partnerships with community groups; integration of social and economic policy and planning; redesign of the income support program to remove disincentives to employment and provide improved access to career development and employment support programs; and facilitation of the involvement of non-profit agencies.

YUKON

A comprehensive anti-poverty strategy has been introduced which lays the groundwork to ensure that territorial resources are focused, coordinated and effective in addressing poverty. There has also been a

revision within the Community Services Branch that will enhance services to adults with special needs by broadening the mandate of some programs and streamlining the intake process. The intent of this change is to create a service delivery system accessible to adults with special needs in the Yukon including creating a single-point of entry; ensuring that no gaps exist between services; strengthening the existing client-centred approach to case management; and strengthening the responsiveness of services.

NORTHWEST TERRITORIES AND NUNAVUT

Restructuring in the Northwest Territories and Nunavut is complicated by the the size of the territories and the isolated pockets of settlement. In 1998, the federal government transferred responsibility for health care and social services to the Government of the Northwest Territories. *Shaping Our Future: A Strategic Plan for Health and Wellness* began in 1998 and is a ministry effort to deal with the challenges of creating two new territories from the original Northwest Territories. It provides a framework for planning for the transition and for the future. Three major themes have been identified: greater cooperation between frontline workers and agencies; more involvement of other departments to improve health, well being and the quality of life; and more responsive and effective programs and services.

The strategic plan identifies twenty-two directions including clarifying the roles and responsibilities of the department, boards, private service providers, and non-profit organizations; improving quality of care by creating a stable northern workforce; improving the continuum of services and programs by removing gaps and duplication; increasing integration and improving the coordination of services; improving monitoring and quality assurance activities; reducing high risk behaviours in youth through effective early intervention programs; establishing partnerships with communities to improve service delivery and to strengthen social supports; and improving partnerships across government to be sure the basic needs of families are met.

PROVINCIAL TRENDS

There are marked differences in the social services that are provided by the provinces and territories. Variation occurs in a number of areas including the government of the day's ideology; the theoretical rationale for programs; alternative approaches to service delivery; the level and scope of benefits; the role of government; and the specific relationships with non- and for-profit service providers. Nonetheless, a number of trends are evident and these are documented below.

WELFARE MODELS

There are three general models of welfare provision toward which the provinces are moving:

Active Labour Market: Characterized by active training and employment initiatives usually involving mandatory participation in employment programs (Alberta, Manitoba, Ontario).

Independence & Empowerment: Characterized by emphasizing support to individuals in making productive or wellness choices to help clients become more self-reliant. These programs tend to extend beyond employment to include wellness and personal growth (New Brunswick, Newfoundland, Northwest Territories, Nova Scotia, Saskatchewan, and Yukon).

Passive Assistance: May include positive rewards for market participation, and programs to enhance employability. However, there are few repercussions for not participating (British Columbia, PEI, and Quebec).

WELFARE REQUIREMENTS

The seeds of a trend are apparent in provincial experiments with "workfare" programs as a means of assisting welfare recipients with the transition from welfare to the workforce. This is part of a larger trend toward using welfare as a re-employment/job training program focused on getting clients back to work. Workfare programs vary in their requirements, but

usually involve a mandatory work placement to help welfare recipients gain employment experience.

Another key trend across the country is the shift to "leaner and meaner" welfare programs. This shift has been heralded as a necessary step toward breaking welfare dependency and reducing abuse. It has also been soundly criticized as an attack on the poor in the name of fiscal restraint.

REGIONALIZATION

Many provinces are creating regions for the delivery of social services and the allocation of funding. The province establishes program guidelines, but direct management is done at the regional level. Each region is responsible for developing a management and delivery structure that best meets the unique needs of its geographic area. Regions are responsible for service delivery which may include assessing client/ community/regional needs; providing and managing services; determining regional resource allocation; maintaining accountability for outcomes; implementing effective frontline complaint processes; and ensuring equitable access to services for a diverse population. For example, regional services in Saskatchewan include the delivery of social assistance under the Saskatchewan Assistance Plan, child and family support services, and services for youth and young offenders.

The primary objective of regionalization is to overcome service fragmentation and implement service integration to produce long-term efficiencies and change the often-confusing patchwork of fragmented services into a user-friendly continuum of services. Critics argue that regionalization is a way for governments to deflect blame away from central government and toward local communities.

RESTRUCTURING

As was illustrated by the previous discussion on restructuring, governments in Canada are exploring ways to restructure their public services and the programs they deliver because of pressure to reduce deficits and accumulated debt, respond to citizen demands, provide more hospitable environments for business and investment, and offer a range of services consistent with the willingness of citizens and corporations to tolerate certain levels of taxation (Lindquist and Sica, 1995).

The 1990s have been a difficult time for the Canadian welfare state. In the early 1990s, the federal government, as well as most provincial governments, were facing significant budget deficits, and were under pressure to reduce spending. The recession that began in 1990 complicated the situation as unemployment began to climb and more people turned to Unemployment Insurance and welfare for assistance. Consequently, tax revenues did not grow as much as expected because of the number of people out of work. At the same time, the cost of providing Unemployment Insurance and welfare benefits increased. The result was even higher budget deficits (National Council of Welfare, 1997).

It is within this context that governments have been actively reviewing their programs to decide if there are alternative ways to deliver services that would be more effective, less costly, and more responsive. Restructuring is more than just the cancellation of programs and services, and more than restricting the available resources for programs and transfers; it involves the redefinition of the role of government vis-à-vis social services. Restructuring encompasses major changes to the basic features of public social provision with important ramifications for communities, families, Aboriginal people, minorities, non-profit organizations and other institutions. This can occur by replacing universal programs with targeted programs, changing relationships between the federal government and the provinces, and changing longstanding expectations and practices (Prince, 1999).

The approaches the governments of Canada follow to review and restructure their services are numerous and include outsourcing; contracting out; partnerships; privatization; commercialization; total quality management; service quality; re-engineering; client empowerment; downsizing; deregulation; delayering; decentralization; single window service; and devolution.

According to a 1995 report on rationalization released by the Ministry of Health and Community Services in New Brunswick, government has traditionally responded to perceived social need within the community by rapidly expanding services.[3] Many developments were influenced by advocacy groups, and funding was readily available for new programs. The result was fragmented programs that were not well-coordinated. Fiscal restraint has created widespread concern about ensuring that programs are cost-effective and appropriate.

SINGLE ENTRY INTEGRATED DELIVERY

A prevalent provincial trend is that of moving to a single entry integrated delivery system, or "one-stop shopping" in order to improve customer service and simplify the process for clients. These centres are aimed at reducing red tape and promoting a greater degree of service assistance for clients by offering comprehensive services at one location. Across Canada, single entry integrated delivery systems are being used to better serve a variety of clients including seniors, people with disabilities, and welfare recipients.

New Brunswick Health and Community Services completed the *Single Entry Program for Seniors* in 1994. Consequently, all seniors seeking either in-home care or some type of residential service were assessed by a social worker and a nurse in order to determine the appropriate program for assistance. Under the *Making Services Work for People* initiative, the Ontario Ministry of Community and Social Services is planning to create integrated, co-ordinated access points for children's services and people with developmental disabilities. In the Yukon, the Community Services Branch has created a single-point of entry for adults with special needs that is accessible regardless of disability. In 1996, Manitoba set up a "one-stop" assessment of financial need and employability.

ACCOUNTABILITY

Another trend is increased evaluation of services and programs in order to enhance accountability in social service programming. As social service ministries continue to deal with budget restrictions amidst increased demand for new programs or expanded services by citizens, program evaluation is one avenue for ensuring accountability and maximizing available resources. Program evaluation can play an important role in determining ministry priorities, the allocation of resources, and the need to either create or discontinue social service programs.

COMMUNITY ENGAGEMENT

The provinces are also increasing their use of community resources, such as non-profits and public consultations, as a means of exploring alternative methods of service delivery and restructuring. The use of community resources can translate into cost-savings through the use of volunteers, and increased responsiveness to local needs and emerging social issues. Nova Scotia, for example, has moved towards community-based activities to involve citizens in the policy process, and Newfoundland has turned significant levels of policy development over to community groups. Saskatchewan has also expressed a general commitment to pursuing community-based alternatives in social services.

ABORIGINAL SERVICE DELIVERY

The transfer of social services delivery to Aboriginal communities is another major trend.[4] In Alberta, for example, agreements are being signed to transfer the delivery of welfare programs for Aboriginal people to Aboriginal communities including the Alexander Band, Lesser Salve Lake Indian Regional Councils, and the Siksika Nations. In 1994/95, New Brunswick Health and Community Services began discussions with Indian Affairs and Northern Development Canada, and several Aboriginal communities to formulate new tripartite agreements for the continued development and delivery of social services to these communities.

The British Columbia Ministry for Children and Families released a *Strategic Plan for Aboriginal Services* in January 1999 which states "the Ministry for Children and Families acknowledges the significant disruption in the lives of Aboriginal children, families, and communities attributed to past provincial child welfare practices. This acknowledgement signals a desire to engage in a reconciliation with Aboriginal communities to ensure the impact of past practices no longer hinders the healthy

development of Aboriginal children and families." The Ministry is committed wherever possible to have services for Aboriginal people provided by Aboriginal people.

These alternative service delivery arrangements with Aboriginal communities highlight a recognition by governments that direct state delivery of social services has failed to address the unique needs of First Nations. There is a growing awareness of the importance and value of cultural diversity. This is illustrated by the transfer of the delivery of social services to Aboriginal communities.

NON-PROFITS & THE STATE

The preceding inventory of social services is central to a study of non-profit social service organizations because it reflects changes in the environment in which they operate. More specifically, the above inventory illustrates the following points relevant to non-profits:

- Social service ministries are exploring new ways of providing services to clients, with particular emphasis on community-based approaches.

- The argument that the state is better at governance than delivery has widespread appeal; this has placed the non-profit sector in the spotlight as governments seek alternative service providers.

- Emphasis on alternative methods of service delivery and calls for a more effective system of social services have led to greater interest in the state's role in ensuring that service providers are held accountable.

- There is a growing interest in market approaches to social services, such as competitive tendering.

Government contracting with non-profit organizations separates the funding of social services from their delivery. Non-profits are now often a substitute for government, in contrast to their traditional role in the welfare state as an alternative, a supplement, or a complement to government services (Kramer, 1994). When governments rely on private partners such as non-profits to do public work, a new form of public management is required in which government is the supervisor of agents who do the actual work.

Support for using non-profits to deliver publicly-funded social services cuts across the political spectrum. To those on the right, it promises smaller government and increased reliance on private initiatives and market approaches. To those on the left, it is a way to expand the boundaries of the welfare state, particularly in domains where individuals and families have had the primary responsibility for addressing social problems. "Government funding of non-profit agencies can socialize the risk associated with problems such as spouse abuse and respite care for families of the developmentally disabled, but maintain community delivery mechanisms" (Smith and Lipsky, 1993: 18).

The nature of the relationship between non-profit organizations and the state is one of mutual dependence, as governments increasingly rely on non-profit organizations to provide social services and non-profits come to depend on the government for funding. This situation of mutual dependence raises a key question:

> *If the state is no longer responsible for the direct delivery of services, but authorizes other parties such as non-profit organizations to conduct its business, where do the boundaries of the state now fall?*

This question is important because democratic governments have certain obligations within their realm of responsibility. As the boundaries of the state change, so do the responsibilities and obligations of the state. If the boundaries are shrinking, how will this affect the state's role in ensuring that the services it funds are equitable, accessible, and effective? If the boundaries are extended to include a broader range of delivery

agents (including non-profits), how will this affect the unique character and independence of those agents? Some governments may, in fact, be unintentionally transforming their delivery agents into mirror images of the state . If his happens, they will not be able to take advantage of the organizational qualities that make contracting out to non- and for-profit agencies an attractive alternative in the first place.

CONCLUDING REMARKS

Governments and non-profit social service agencies exist in a complex environment marked by a myriad of policies and programs. Changes to these policies and programs have a profound affect on the non-profit sector and its clients. While it is not possible to map the full range of effects created by the restructuring of social services that has been taking place since the fiscal crunch of the early 1990s, it is possible to identify key policy trends. These trends include:

- **welfare reform;**
- **regionalization;**
- **single entry integrated delivery;**
- **increased accountability;**
- **greater community engagement; and**
- **aboriginal service delivery.**

As these trends alter the environment in which non-profit social service organizations operate, concerns have been raised that the state's involvement in the sector will alter the character, goals, and rules of non-profit organizations, and undermine the contribution of voluntarism to a pluralist democracy (Kramer 1994). The task at hand is to find ways to minimize the negative effects of government funding on non-profit organizations. Both parties need to be aware of the trade-offs, the advantages and disadvantages, and the paramount need for communication.

Nonetheless, because the state has the money that non-profits need to help them carry out their mandates, the burden tends to fall on the state; it has to be very careful that its legitimate interests in accountability and the formation of policy do not run roughshod over the unique character of the non-profit sector. The state also has to be aware that its actions have both direct and indirect effects on its non-profit partners. As the trends outlined in this report indicate, the social service system is in a state of transition and the non-profit sector must rise to the challenge and adapt to this new landscape. ■

NOTES

1. *The author extends her sincere thanks to the many government staff that answered questions and provided information. Without their help, this report would not be possible. Any oversights or errors remain the sole responsibility of the author.*

2. *For more extensive coverage of this topic, please see Shannon Orr,* ***The Canadian Social Service Policy Landscape: A Roadmap of Recent Initiatives,*** *Canada West Foundation, August 1999. Copies are available from the Canada West Foundation.*

3. *Rationalization is defined as a multi-faceted process aimed at changing programs, organizational structures, and methods and technologies for delivering services.*

4. *The term Aboriginal is intended to include all people of Aboriginal ancestry including First Nations, Inuit, Metis, and urban Aboriginals.*

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The Canada West Foundation's **Alternative Service Delivery Project** (ASDP) was initiated to increase understanding of, and stimulate debate about, Canada's non-profit sector, its relations with the state, and its role in the delivery of social services. The ASDP is one of a number of research projects funded by the Kahanoff Foundation, and collectively known as the **Non-Profit Sector Research Initiative.** The Initiative was established by the Kahanoff Foundation to promote research and scholarship on non-profit sector issues and to broaden the formal body of knowledge on the non-profit sector. The Initiative works to increase understanding of the role that non-profit organizations play in civil society and to inform relevant public policy.

Recent CWF Publications on the Non-Profit Sector

John Hiemstra, *Government Relations with Religious Non-Profit Social Agencies in Alberta*, January 1999

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Susan McFarlane and Robert Roach, *Great Expectations: The Ideal Characteristics of Non-Profits*, June 1993

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